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EXECUTIVE**STATE TREASURER**

The State Treasurer directs a department with a broad range of responsibilities: administration of the state's tax system; all state government banking functions including collection, investment and disbursement of all state monies; regulation and oversight of local financial operations; and management of the investment of the state's \$50 billion pension system. The State Treasurer also serves as Special Policy Advisor to the Governor on tax and fiscal policy issues, and is a member of various authorities, boards and commissions.

DEPUTY TREASURER OF PROGRAMS

The Deputy Treasurer of Programs directs, develops and implements programs at the direction of the State Treasurer, and serves as a liaison on programmatic endeavors between the State Treasurer and Department stakeholders including, but not limited to, outside agencies in State and federal government and private industry.

OFFICE OF SECURITY

The Office of Security develops policies and procedures to assure information and data security. These policies govern development and maintenance of system applications and technological processes operated by or on behalf of the Department. The office also develops policies and procedures to ensure conformance by bureau, office and division staff with State and departmental security policies, procedures and practices. The office oversees access to the various Treasury computer systems through a process of written and online approvals, and facilitates annual security reviews to be performed by departmental staff.

CHIEF DEPUTY TREASURER**ADMINISTRATIVE SERVICES BUREAU****Human Resources Division**

Human Resources Division provides all departmental programs with a qualified work force; coordinates and processes payroll and ongoing personnel transactions; maintains employee records; and advises management on organizational, classification, selection, employee relations and labor relations issues. It represents the Department at grievance hearings, arbitration and technical appeals. It also provides interpretation of personnel rules, policies and procedures; assists employees and provides information on benefits and related departmental and statewide personnel services; and develops and coordinates training programs.

The Department's **Training** function also resides in this division to promote training programs for the general education and development of employees, supervisors, administrators and executives.

The **EEO and Reasonable Accommodations** area provides support to Department employees in the areas of equal employment opportunities, reasonable accommodations, health and safety, and conflict management resolution.

Departmental Services Division

Mail Operations is responsible for all incoming mail for the Department, including all tax mail handled by the pre-edit section, interoffice mail and general Treasury mail. It is responsible for the orderly flow of outgoing mail for the Department and is the liaison for mail processed by the Department of Management and Budget, including all Treasury warrants.

Facility Services is responsible for coordinating office design and furniture installation at all Treasury offices, including State office buildings and private leased space.

Forms and Document Services (FDS) is responsible for the review, design, approval and coordination of printing of all departmental forms and for minimizing the need for paper forms by combining existing forms and proposing and implementing alternatives that utilize State technology standards.

FDS is also responsible for maintaining Treasury's official documentation; providing editing, formatting, proofreading, word processing and publishing services for documentation, reports and manuals; maintaining various means of communicating information to management and staff; maintaining two department-wide databases; and maintaining various telephone directories and listings.

Purchasing is responsible for ensuring that the appropriations Treasury encumbers for the acquisition of goods and services necessary for the operations of the Department is in adherence with State purchasing laws, promulgated State purchasing procedures, Office of Purchasing letters and Executive Directives where applicable.

Unclaimed Property Division

The Unclaimed Property Division assumes custody of unclaimed property on behalf of the State, preserves the property in trust for the owners or their heirs, and returns that property to the rightful owners or their heirs upon presentation of proof of ownership.

FINANCIAL SERVICES BUREAU

Collection Division

Collection Division is the centralized collection agency for all delinquent assessed taxes administered by the Department and debts owed to State agencies, including some universities and courts. This responsibility includes collection of the Driver Responsibility fees referred by the Department of State.

The collection enforcement program consists of the following major functions:

- Maintenance of an accounts receivable database
- Maintenance of delinquent accounts for individual taxpayers and businesses
- Bankruptcy claims
- Centralized collection and tax clearance staff
- Field enforcement staff
- MARCS (Michigan Accounts Receivable Collection System) – a telephone collection system operated under contract by a private vendor.

Through the use of enforcement tools, such as liens, levies and warrants, the division promotes compliance with Michigan tax laws which leads to fair and equitable taxation for citizens.

The division also administers the Third Party Withholding program, which is responsible for receiving and processing court-ordered garnishments of any third party. These parties have obtained garnishments from courts with the intent of intercepting (offsetting) income tax refunds, vendor payments, State employee's payroll and other types of payments that are being made by the State of Michigan to their debtor.

Finance and Accounting Division

The Finance and Accounting Division assists the Department in maintaining financial and accounting integrity by providing oversight of the Department's accounting structure and accounting profiles, along with the oversight and monitoring of the Department's accounting functions, including year-end closing, accrual processes and account balances. The division also serves as the Department's liaison with the Office of Financial Services, Department of Management and Budget. The division is also responsible for the reconciliation of bank statement activity with statewide book cash; the coordination of MAIN-related functions and processes; and processing vendor payments, direct vouchers, interaccount bills, travel, cash reconciliation, warrant reconciliation, interfaces, inventory and asset control.

In addition, the division assists in distribution of federal funds for the Home Heating Credit Program, which assists low-income families with the cost of heating their homes. The division also administers the Senior Citizen Co-op Housing Tax Exemption Program. The State makes payments to municipalities for property taxes on qualifying senior citizen and disabled housing facilities.

Receipts Processing Division

The Receipts Processing Division serves as the central service agency to all State agencies for the administration of all statewide banking activity, related contracts and statewide cash receipting. The division administers the disbursement and receipting of approximately \$36 billion annually, with over \$11 billion received via electronic funds transfer (EFT).

Principal activities for the division include processing deposits, administering the lockbox contracts with the State's depositories and administering the State Treasurer accounts held at various financial institutions throughout the State. Other principal activities include daily review and reconciliation of the State Treasurer's concentration account at Bank One, managing State credit card and EFT contracts and working with other State agencies in the administration of State contractual relationships with financial institutions and revenue accounting responsibilities.

OFFICE OF PROGRAM MANAGEMENT

The Office of Program Management develops, controls and monitors all phases of the budget and measurement process for the Department of Treasury, and directs and guides department-wide project management initiatives. These involve preparation of the annual budget request; serving as liaison with the State budget office, legislative fiscal staff and appropriation committees on budget enactment; monitoring and controlling expenditures; developing and implementing measurement systems; and planning and coordinating project management applications.

CUSTOMER SERVICE BUREAU

Customer Contact Division

Customer Contact Division provides first-stop resolution of customer inquiries received for individual income, single business and sales, use and withholding taxes. It services the motor fuel industry and end users through the collection of highway, marine and aviation taxes, and services and assists motor carriers in licensing, decaling and paying of motor carrier fuel use taxes. It also regulates the tobacco products distribution systems (manufacturers and wholesalers) to reduce smuggling and stamp counterfeiting. It registers new business by licensing and issuing return forms, and maintaining the master taxpayer database.

Technical Services Division

Technical Services Division provides expert-level services concerning technical issues for most taxes administered pursuant to the Revenue Act, including Single Business, Income, Motor Fuel, Sales and Use taxes. Services include answering complex technical correspondence and telephone contacts; reviewing, analyzing and commenting on legislation for both newly passed and proposed legislation; and litigation and support of litigation.

TAX COMPLIANCE BUREAU

Audit Division

The Audit function ensures a high level of taxpayer voluntary compliance through the conduct of tax audits in a fair, impartial and consistent manner according to established principals of tax audit. Approximately 550,000 Michigan business taxpayers annually remit Sales, Use, Income Tax Withholding, and Single Business taxes. The coordinated collection of State taxes under the self-assessing system that Michigan operates requires an enforcement presence to sustain the system. The Audit function maintains a visible tax audit presence to encourage taxpayers to voluntarily comply with the State of Michigan tax statutes.

Discovery and Tax Enforcement Division

The Discovery and Tax Enforcement Division administers projects that detect nonfilers of taxes and identify areas of under-reporting of tax and noncompliance with the State of Michigan tax statutes. The coordinated collection of State taxes under the Michigan self-assessing system requires an enforcement presence to sustain the system. The mission of the Discovery and Tax Enforcement Division is to utilize various methods to detect areas of noncompliance with the tax laws administered under the Revenue Act, and to detect and assist in the prosecution of tax fraud cases. The process of conducting Discovery projects on selected taxpayers is an integral part of Michigan's tax enforcement system. The division also administers the Voluntary Disclosure Program (Public Act 493 of 1998) and the Taxpayer Initiated Disclosure Penalty Waiver Program for the Department.

BUREAU OF TAX AND ECONOMIC POLICY

Economic and Revenue Forecasting Division

Michigan state government levies approximately 5,000 separate taxes, fees, and other revenue charges that need to be projected to prepare the annual executive budget. Changing economic conditions require continual monitoring for potential needed adjustments to the revenue estimates. The Economic and Revenue Forecasting Division is responsible for preparing the official Michigan economic and revenue forecasts with which the State Treasurer and the Governor formulate the administration's tax and budget policy and is also required to provide economic and revenue forecasts for the administration's participation in the Consensus Revenue Estimating Conferences.

The State Revenue Sharing program distributes State-collected taxes to local units of government as authorized by the Glenn Steil State Revenue Sharing Act and other miscellaneous revenue sharing statutes. Effective monitoring and administration of the program requires extensive interaction between the division's staff and revenue sharing recipients for technical and complex assistance.

Tax Analysis Division

State and local governments levy approximately 40 separate taxes that include nearly 225 different exemptions, deductions, credits, exclusions or other special features. About 500 new tax bills are introduced in the Michigan House of Representatives and Senate annually. The Tax Analysis Division is responsible for annually estimating the revenue cost of existing exclusions, exemptions, deductions and credits (per Public Act 72 of 1979); evaluating these existing tax features for their effect on the distribution of Michigan's tax burden and on the efficiency and growth of the Michigan economy; annually tabulating and reporting the growth and distributive pattern of each separate tax and the overall structure to policy makers and the public; analyzing the numerous proposed changes to the tax structure as to their expected effect on revenues, tax fairness and economic efficiency; and developing and formulating administration proposals for tax changes to stimulate economic growth, improve tax fairness or ease tax administration.

Tax Policy Division

The Tax Policy Division provides legal and policy support to the Department for taxes administered pursuant to the Revenue Act, PA 122 of 1941, as amended. Principal taxes include Single Business, Income, Motor Fuel, Sales and Use taxes. Services provided include legal opinions, policy position development, analyzing legislation and supporting litigation efforts of the Department. These services are performed for Treasury's executive office, other Department personnel, legislators, Attorney General staff, and the general public including tax professionals. Failure to provide these services would hamper the Department's ability to carry out its core functions.

Legislative Liaison

The Legislative Liaison represents the Department on State legislative issues, relays policy positions on legislative matters to the Legislature and works with legislative staff to resolve constituent matters. The Legislative Liaison also serves as an intermediary between the Department and the Washington, D.C. Executive Office regarding certain federal legislative matters affecting Michigan.

Hearings Division

The Hearings Division is responsible for holding informal conferences, conducting tobacco products hearings, conducting city utility and Income tax appeals, providing legal advice, performing tax research, maintaining a tax library, conducting administrative wage garnishment hearings and conducting Motor Fuel seizure hearings.

Policy Communications and Disclosure Division

The Policy Communications and Disclosure Division is responsible for relaying Department tax policy positions to the general public and to internal stakeholders utilizing the world-wide Web and written media channels. The division is responsible for administering the disclosure program and ensuring that all confidential information is appropriately safeguarded and disclosed legally. The division is responsible for maintaining liaison relationships with external organizations such as Federation of Tax Administrators, IRS, other states and professional tax organizations in Michigan.

TAX PROCESSING BUREAU

Return Processing Division

The Return Processing Division is responsible for processing 5,000,000 income tax returns, 400,000 Sales, Use and Withholding tax returns and 200,000 Single Business tax returns. The division is responsible for maintaining data entry, electronic filing and barcoding initiatives. In addition to capturing data from these activities, the division reviews and corrects tax returns to insure data integrity. Finally, it warehouses all tax forms and implements retention and disposal schedules for all tax returns filed with the Department.

DEPUTY TREASURER

BUREAU OF BOND FINANCE

Authority Finance Division

The Authority Finance Division provides the staff for the following state authorities:

Michigan Higher Education Facilities Authority (MHEFA) issues tax-exempt bonds and loans to private colleges and universities for capital projects. These projects typically include construction, renovation, the purchase of equipment and refinancing.

Michigan Municipal Bond Authority (MMBA) provides governmental units within Michigan with an alternative source of financing and low-cost access to the public finance market. The MMBA pools various types and sizes of local government bonds, notes and installment purchase agreements. Eligible governmental units include cities, counties, townships, public schools, public hospitals, public colleges and public universities.

Michigan Public Educational Facilities Authority (MPEFA) provides public school academies with an alternative source of financing and low-cost access to the public finance market. The bonds, notes and loans are similar to the programs available to traditional public school districts.

Michigan State Hospital Finance Authority (MSHFA) issues tax-exempt bonds and loans to private nonprofit hospitals, nursing homes and homes for the aged for capital projects. These projects typically include construction, renovation, the purchase of equipment and refinancing.

The division also assists with bond issuance for the Michigan Higher Education Student Loan Authority.

State Finance Division

The State Finance Division assists the State Treasurer in managing the State's common cash fund and cash flow activity, and assists with the issuance of State bonds and notes and compliance with federal tax laws and Securities Exchange Commission (SEC) disclosure requirements. It performs fiscal agent and trust services for various bond issues and public finance programs, oversight of compliance of the Federal Cash Management Improvement Act (CMIA) requirements for drawing federal funds and administers the State's school bond qualification and loan programs.

BUREAU OF LOCAL GOVERNMENT SERVICES

Assessment and Certification Division

The Assessment and Certification Division provides the staff services for the State Assessors Board, State Tax Commission and State Board of Assessors. The State Assessors Board provides training, examinations, certification and annual updating for assessing personnel. It also receives and acts on revocation petitions filed against certified assessment administrators. There are approximately 2,800 persons who hold certificates in assessment administration, serving 83 counties, 1,242 townships and 277 cities. The State Tax Commission generally supervises local assessing officers and provides support in the determination of the State equalized valuations for each class of property for each county. The division also assesses properties owned by the Department of Natural Resources and public utilities, as specified by law.

Local Audit and Finance Division

The Local Audit and Finance Division issues guidance and monitors statutory compliance of approximately 2,200 local units of government. Staff performs various types of audits of local units of government when requested or at the discretion of the Department. Through the review of qualifying statements and prior approval applications, the division approves or denies the issuance of debt by local units of government. The division audits all tax increment financing plans as well as industrial facilities tax and reconciles such tax receipts against the State's accounting system.

Property Services Division

The Property Services Division administers the State's tax reversion process and conducts the foreclosure process for 13 counties that have opted out of handling the process under Public Act 123 of 1999. The division also receives, reviews, and prepares, for the State Tax Commission approval, applications for the Industrial Facilities Tax, Air and Water Pollution Control, Neighborhood Enterprise Zone, Obsolete Property Rehabilitation and New Personal Property tax exemptions programs.

BUREAU OF STUDENT FINANCIAL SERVICES

Michigan Education Trust

Michigan Education Trust (MET) allows parents, grandparents, businesses and others to prepay undergraduate tuition for a child residing in Michigan at any Michigan public university or college. MET also provides refunds if a student chooses to attend a Michigan independent college or out-of-state college.

Michigan Education Savings Program

Michigan Education Savings Program (MESP) offers three investment options to encourage families to save for higher education. Savings may be used for tuition, fees, room, board, books and equipment required for enrollment.

Michigan Higher Education Student Loan Authority and Fiscal Affairs

Michigan Higher Education Student Loan Authority (MHESLA) ensures Michigan residents access to financial assistance to pursue a post-secondary education at the school of their choice. This is accomplished by providing financial assistance in the form of federally-insured educational loans directly to students and parents of students and by purchasing such student loans from other lenders, thus providing the lenders with the liquidity they need to continue providing student loan access. It provides financial assistance to Michigan residents through three programs: (1) Michigan Direct Student Loan Program, (2) State Secondary Market and (3) Michigan Alternative Student Loan (MI-LOAN) Program.

Fiscal Affairs administers the fiscal activities for all of the offices and programs within the Michigan Higher Education Assistance Authority (MHEAA) and MHESLA. The fiscal activities include accounting; budget; capital formation; cash management; audit liaison; financial analysis and forecasting; and federal, state, and management reporting. It provides the financial management structure that contributes to the achievement of the mission, goals and objectives of MHEAA and MHESLA, which impact millions of students and their families and hundreds of higher education and lending institutions in Michigan served by the two Authorities.

Michigan Guaranty Agency

Since 1965 the Michigan Guaranty Agency (MGA), as the State-designated Federal Family Education Loan Program (FFELP) guarantor in Michigan, assists students and their parents finance a postsecondary education through low-cost guaranteed student loans. Since its inception, MGA has guaranteed over \$9.8 billion in student loans. MGA's services include training and technical support services to schools and lenders, borrower information programs and customer assistance starting from loan application through the repayment process.

Scholarships and Grants

Scholarships and Grants administers nine State and three federally-funded scholarship and grant programs. These programs allow Michigan students access and choice in achieving their higher education goals. These programs include the Michigan Competitive Scholarship (MCS), Michigan Tuition Grant (MTG), Michigan Merit Award (MMA), Tuition Incentive Program (TIP), Michigan Nursing Scholarship (MNS), Adult Part-Time Grant (APTG), Michigan Educational Opportunity Grant (MEOG), Michigan Work-Study Undergraduate and Graduate (MWSU/G), Leveraging Educational Assistance Program (LEAP), Robert C. Byrd Scholarship Program (BYRD) and GEAR UP Michigan Scholarship (GEAR UP).

INVESTMENTS

BUREAU OF INVESTMENTS

Alternative Investments Division

The Alternative Investments Division manages investments in the nontraditional asset classes of private equity and venture capital through dedicated partnerships and funds using a variety of equity and debt instruments. Employees are responsible for establishing and maintaining relationships with private sector investment professionals, evaluating and recommending venture capital and merger/acquisition investment opportunities, and portfolio management.

Long-Term Fixed Income Division

The Long-Term Fixed Income Division is responsible for the research, analysis and investment of fixed income securities maturing in more than one year.

Mortgage and Real Estate

The Mortgage and Real Estate Division manages State of Michigan Retirement Systems' (SMRS') investments in real estate and mortgages. A single investment can be \$10 million or more and include investments such as office buildings, apartments, malls, etc. Staff includes real estate specialists who oversee and make recommendations concerning the management of the investments, including buying, selling and structuring.

Quantitative Analysis Division

The Quantitative Analysis Division manages the assets allocated to passive equity investments targeting the returns of United States and international stock indices. These investments targeting the S&P 500 and other benchmark indices, are, or closely resemble, enhanced index funds. Staffed by an administrator and investment specialists, the division purchases and sells stocks and derivative securities, and provides information for management analysis and decision making.

Short-Term Fixed Income Division

The Short-Term Fixed Income Division is responsible for the research, analysis and investment of fixed income securities with a maturity of less than one year.

Stock Analysis Division

The Stock Analysis Division invests funds for the SMRS in publicly traded stocks. The division's purpose is to maximize rates of return without placing undue risk on the portfolio. The staff consists of a portfolio manager and equity investment specialists who research and recommend the purchase and sale of stocks of primarily United States-based companies. These investments in individual company stocks range in value from \$25 million to over \$500 million.

Trust Accounting Division

The Trust Accounting Division provides support services to the Bureau of Investments. The division is responsible for the investment settlement and custody functions, including collection of interest, dividends and principal payments; transaction processing accounting; and reporting for the Bureau's multibillion dollar investment portfolios.

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